

Message Text

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PAGE 01 NEW DE 02126 140305Z
ACTION PM-04

INFO OCT-01 NEA-10 ISO-00 ONY-00 /015 W
-----140309Z 029644 /62

R 140125Z FEB 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 1218

C O N F I D E N T I A L NEW DELHI 2126

STADIS//////////

FOR LOU NOCENZO FROM DENNIS KUX

PM AND NEA ONLY

E.O. 11652: GDS
TAGS: TECH, IN
SUBJECT: FIRST DRAFT OF THE PRM

1. FROM THE LAND OF THE PNE THOUGHT YOU MIGHT WELCOME THE FOLLOWING PEANUT GALLERY COMMENTS ON THE FIRST DRAFT OF THE PRM AS THEY RELATE TO INDIA. THOUGHT THE PAPER OVERALL WAS A GOOD BEGINNING TO CLARIFYING A HOST OF COMPLEX PROBLEMS.

2. ISSUE PAPER NO. 2 -- SPENT FUEL STORAGE/REPROCESSING.
FACT IS THAT INDIA HAS GAINED STATUS AMONG THE LDCS THROUGH THEIR 1974 TEST, BUT THERE HAS BEEN A COST IN TERMS OF POORER INDIAN IMAGE IN THE WEST AND IN A LOSS OF FORWARD MOVEMENT OF THE INDIAN NUCLEAR POWER PROGRAM BECAUSE OF NUCLEAR IMPORT RESTRICTIONS. THINK THE INDIAN PROBLEM STATEMENT COULD USEFULLY BE REVISED: WHAT ABOUT - "INDIA POSES AN ESPECIALLY DIFFICULT POLICY PROBLEM: IT IS THE ONLY LDC THAT POSSESSES A NUCLEAR EXPLOSIVE CAPABILITY AND ALSO A COMPLETE UNSAFEGUARDED FULL FUEL CYCLE AND A GROWING NUCLEAR ESTABLISHMENT. OUR IMMEDIATE POLICY QUESTION IS WHAT TO DO ABOUT OUR FUEL SUPPLY CONTRACT FOR THE TARAPUR REACTORS;

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THE BROADER PROBLEMS ARE: WHAT TO DO ABOUT INDIAN TESTING, A POSSIBLE DECISION FOR A NUCLEAR WEAPONS PROGRAM; SUBSTANTIAL UNSAFEGUARDED FACILITIES; AND INDIA'S POTENTIAL AS AN EXPORTER OF SENSITIVE NUCLEAR TECHNOLOGY AND EQUIPMENT.

"WITH REGARD TO TARAPUR AND THE RETENTION IN INDIA OF US ORIGIN SPENT FUEL, THE INDIANS HAVE AGREED TO RETURN BACK THE SPENT FUEL, BUT THE COSTS AND LOGISTICAL/TECHNICAL

PROBLEMS ARE CONSIDERABLE. (A SEPARATE PAPER DEALS WITH THE TARAPUR ISSUE.)"

3. WITH REGARD TO PAPER NO. 4 -- NUCLEAR SUPPLIERS ACTIVITIES -- STILL FAIL TO UNDERSTAND WHY WE ARE NOT BETTER OFF BITING THE BULLET ON FULL SCOPE SAFEGUARDS EVEN IF FRANCE HOLDS OUT.

4. THINK WE SHOULD ALSO WEIGH THE PROS AND CONS OF INCLUDING THE INDIANS IN THE LONDON SUPPLIERS GROUP. SINCE THE BASIC RULES ARE NOW FIXED, THEIR WILLINGNESS TO JOIN COULD BE A PLUS SINCE IT MIGHT TIE THEM MORE FIRMLY THAN OTHERWISE WOULD BE THE CASE INTO SUPPLIERS EXPORT RULES. IN ADDITION, THEIR INCLUSION WOULD ALSO REDUCE THE POSSIBILITY FOR THEIR STIRRING A THIRD WORLD ANTI-DC NUCLEAR CLUB OF THEIR OWN. THE PROBLEM, OF COURSE, IS THAT THEY CAN BE SUCH PAINS AND MAY ALSO PROVE SUBSTANTIVELY DIFFICULT. I DO NOT KNOW WHERE ONE COMES OUT, BUT MORE SERIOUS THOUGHT TO THIS POSSIBILITY OF INDIAN INCLUSION SHOULD BE GIVEN.

5. CURRENT POLICY SITUATION: P 14 TALKS INCORRECTLY ABOUT THE INDIAN COAL SITUATION. MANAGERIAL INEFFICIENCY NOT REGIONAL POLITICAL CONSTRAINTS IMPAIR THE DEVELOPMENT OF COAL RESOURCES. OF LATE THE INDIANS HAVE DISCOVERED A GOOD DEAL OF OFFSHORE OIL AND MAY BE SELF-SUFFICIENT IN ENERGY WITHIN A DECADE. THEIR NUCLEAR PROGRAM IS THE PRODUCT OF PLANS OF THE 1950S AND ONE CAN ARGUE THAT COST FACTORS HAVE NOT BEEN WELL THOUGH THROUGH. A STUDY OF THE INDIAN ENERGY SITUATION WOULD BE EXTREMELY USEFUL. HOWEVER, IF WE

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WANT THIS PUSHED WE SHOULD COME UP WITH THE FUNDING.

6. NEAR TERM ISSUES -- NO TROUBLE WITH MATERIAL ON PG. 9 RE INDIA ALTHOUGH I GATHER THAT ERDA IS LESS THAN ECSTATIC ABOUT ACDA'S FLOATING FUEL STORAGE CONCEPT. PAGE 22 - THIS SORT OF ATTITUDE COULD BE CONSIDERED A SORT OF PUNITIVE ARROGANCE - WE HAVE THE BOMB BUT GOD HELP OTHER BASTARDS IF THEY GET IT - IS HARDLY CONDUCIVE TO DEVELOPING A POSITIVE ATTITUDE AMONG LDCS.

7. YOU PERHAPS HAVE GONE THROUGH THE FIRST FULL DRAFT OF THE TARAPUR PAPER. IT SEEMS GENERALLY IN LINE WITH THE PRM, BUT UNTIL THE CONCLUSIONS OF THE PRM BECOME CLEARER IT IS A LITTLE HARD TO KNOW HOW ONE COMES OUT ON TARAPUR SPECIFICS. IF ONE HAS AS A WORKING ASSUMPTION THAT WE WILL NOT TAKE A DISCRIMINATORY STANCE TOWARD INDIA, IE., REQUIRE FULL SCOPE SAFEGUARDS OF THE INDIANS BUT NOT OF OTHERS.

8. HAPPY NEXT DRAFT.

SCHNEIDER

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR COOPERATION PROGRAMS, NUCLEAR REACTORS, NUCLEAR FUELS, NUCLEAR SAFEGUARDS
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Feb-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE02126
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770051-0632
Format: TEL
From: NEW DELHI
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770244/aaaabnbz.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ca5bcec6-c288-dd11-92da-001cc4696bcc
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3328280
Secure: OPEN
Status: NATIVE
Subject: FIRST DRAFT OF THE PRM
TAGS: TECH, IN
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/ca5bcec6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009